



Panel Amendment #3 Proposal for:
Automobile Club of Southern California
Agreement Number: ET13-0361

Panel Meeting of: June 27, 2014

ETP Regional Office: San Diego

Analyst: M. Ray

CURRENT PROJECT PROFILE

Contract Type:	Retrainee Job Creation	Industry Sector(s):	Insurance Services
Counties Served:	Statewide	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Priority Industry:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Current Contract Term:	May 6, 2013 to May 5, 2015	Substantial Contribution:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

CURRENT FUNDING

Current Funding
\$1,083,600

AMENDMENT FUNDING

Requested Funding	Total Funding
+\$414,720	\$1,498,320

AMENDMENT TRAINING PLAN TABLE

Job No.	Job Description (By Contract Type)	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Retrainee	Business Skills, Comm. Skills, Computer Skills, Continuous Improvement	488	24-200	0-60	\$450	\$14.69
				Weighted Avg: 30			
2	Retrainee Job Creation	Business Skills, Comm. Skills, Computer Skills, Continuous Improvement	300	24-200	0-60	\$2,880	\$12.02
				Weighted Avg: 144			
3	Retrainee Job Creation	Business Skills, Comm. Skills, Computer Skills, Continuous Improvement	144	24-200	0-60	\$2,880	\$12.19
				Weighted Avg: 144			

Minimum Wage by County: Job Number 1: \$14.69 per hour for Riverside County; \$15.45 per hour for San Diego County; \$15.88 per hour for Orange County; and \$16.00 per hour for Los Angeles County.

Job Number 2 (Job Creation-2013): \$12.02 per hour for Riverside County; \$12.88 per hour for San Diego County; \$13.23 per hour for Orange County; and \$13.34 per hour for Los Angeles County.

Job Number 3 (Job Creation-2014): \$12.19 per hour for Riverside County; \$13.00 per hour for San Diego County; \$13.32 per hour for Orange County; and \$13.37 per hour for Los Angeles County.

Health Benefits: ☒ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: ☒ Yes ☐ No

Health benefits of up to \$0.65 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation	
Occupation Title	Wage Range
Job Number 3:	
Corporate Support Staff	
Customer Service Staff	
Information Technology Staff	
Manager/Supervisor	
Travel/Business Staff	

INTRODUCTION

Automobile Club of Southern California (Auto Club), founded in 1900, offers travel, motorist, and insurance services to its members in California and a growing number of other states. The Company also provides travel planning, auto pricing, buying and maintenance services, as well as 24-hour roadside assistance. Members can also renew vehicle registrations, license plates, and stickers at approximately 79 club district offices throughout California.

AMENDMENT DETAILS

This is the third Amendment for Auto Club. The Company requests Phase II funding for a new Job Creation job number to train 144 workers. Auto Club is poised to immediately roll-out introductory and advanced courses included in the existing Curriculum for newly hired workers in Job Number 3 to better align itself in its overall strategic plan.

The total number of trainees will increase from 788 to 962. Respectively, the total funding amount will increase by \$414,720, from \$1,083,600 to \$1,498,320. The current Job Numbers in the Agreement (1 and 2) will be unchanged by this Amendment.

During the development of the initial training plan, Auto Club representatives stated that the Company has seen significant growth in membership, insurance, and travel product sales, even in the face of the economic downturn. With the most recent acquisitions, Auto Club has entered Virginia and Alabama. These states will receive service from California staff; therefore, training will be needed to ensure all valuable products and services are provided to customers in their respective markets. To support this growth, Auto Club initially projected to hire 300 new employees in California.

Within six months of commencement of ETP training, Auto Club exceeded its original expansion projections of 300 new employees. As of January 2014, Auto Club hired 438 new employees to support its market expansion and overall business growth. Auto Club projects to hire an additional 200 new employees by the term of this Agreement. As such, Auto Club requests additional funding for 144 of the aforementioned 200 projected new employees (Job Number 3). The additional ETP funding will allow Auto Club to support increased customer demand as well as continue to provide advanced training courses to all of its newly hired employees through the last day of ETP training (2/3/15).

Auto Club's continued business growth requires the Company to move to a higher level of customer service by providing advanced skills training to its workforce. Advanced training will provide workers the skills necessary to support out-of-state customers and new markets. However, Auto Club's original training plan to provide advanced skills training to its workers is hindered by deficient staffing. Despite its recruiting efforts, Auto Club is still faced with the lack of manpower to fully support its increased customer demands. To support its business objectives, the Company must first hire additional workers to sustain adequate staffing as trainees continue to receive more in-depth, advanced training.

Although Auto Club has two prior statewide projects within the last five years with aggregated earnings exceeding \$1M, no single facility earned over \$250,000. As such, a Substantial Contribution was not applied to this current Agreement. A High Earner Reduction (HER) is applied to the incumbent workers in the training plan. Earnings for the Job Creation trainee group are exempt from HER pursuant to the Panel's Retrainee-Job Creation Guidelines. Given that this Amendment will only affect new Job Creation trainees (Job Number 3), it is also exempt from HER; therefore, High Earner Reduction will not apply.

SUMMARY OF PRIOR MODS/AMDS

This is Auto Club's third Amendment. The first revision reduced the minimum hourly Post Retention Wage for Job Number 2 trainees to the minimum wage for New Hire workers, consistent with the Panel's guidelines for Retrainee – Job Creation.

The second Amendment (approved in the November 2013 Panel) added \$504,000 to provide Job Creation trainees with skills necessary to successfully meet increased customer demands in their respective markets. There are 438 newly hired trainees currently enrolled that have received training hours sufficient to earn more than 100% of the additional approved funding.

RECOMMENDATION

Staff recommends approval of this Amendment.

CURRENT CONTRACT PERFORMANCE

The following table summarizes performance by Auto Club under the current ETP Agreement:

Agreement No.	Approved Amount	Term	No. Trainees (Estimated)	No. Completed Training	No. Retained
ET13-0361	\$1,083,600	5/6/13 – 5/5/15	1,023	396	396

To date, 57,068 total eligible training hours (Job Numbers 1 and 2) have been tracked for 396 eligible trainees on-line for which the Contractor may potentially earn 91% of Agreement amount.

Specifically, Auto Club has documented 48,838 eligible training hours for 302 Job Creation trainees (Job Number 2). These hours equal to more than 100% of the Job Max Total Amount for Job Number 2 (\$1,083,600).

Job Number	Number Started Training	Number Enrolled in Training	Number of Trainees Dropped (following enrollment)	Number of Trainees Completed Minimum Hours (24)	Number of Trainees Completed Maximum Hours (200)	Number of Trainees Completed Retention
1	522	575	48	94	5	94
2	399	448	44	302	68	302
Totals:	921	1,023	92	396	73	396

PRIOR PROJECTS

The following table summarizes performance by Auto Club under ETP Agreements that were completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET11-0184	Costa Mesa	4/4/11 – 4/3/13	\$167,115	\$167,115 (100%)
ET08-0214	Costa Mesa	10/1/07 – 09/30/09	\$1,013,500	\$1,013,500 (100%)